

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY, CALIFORNIA
AND RECORD OF ACTION**

52

June 22, 2004

FROM: **DAVID H. SLAUGHTER**, Director
Real Estate Services Department

ROBERTA YORK, Director
Preschool Services Department

SUBJECT: LEASE AGREEMENT WITH A.K.S. AND BEK PARTNERSHIP

RECOMMENDATION: Approve a ten-year lease agreement, No. _____, with A.K.S. and BEK Partnership for 10,524 square feet of office and classroom space and 10,300 square feet of playground in Redlands for the Preschool Services Department (PSD) from July 1, 2005 to June 30, 2015 in the amount of \$1,641,720.

BACKGROUND INFORMATION: PSD is responsible for administering the federally funded Head Start program, the California State Department of Education Preschool, General Childcare and Alternative Payment Programs to low-income children and their families in the County. PSD currently leases a facility owned by the Housing Authority of San Bernardino County located at 1326 Sixth Street in Redlands. The Sixth Street facility provides comprehensive child development services for 32 children in half-day programs. The County has been notified that a scheduled road-widening project will impact this property resulting in the facility no longer meeting the Federal operational guidelines. PSD has conducted a community needs assessment study, which determined a need to serve more children in the Redlands area.

On May 6, 2002, the County Administrative Office approved Capital Improvement Program (CIP) request No. 02-33 submitted by Human Services System (HSS) for PSD. On October 8, 2002, the Board approved a request for proposals (RFP) and authorized the Director of RESD to issue the RFP to procure the requested office and classroom space and playground in Redlands. RESD received eight proposals. The build-to-suit facility proposed by A.K.S. and BEK Partnership was selected based on location, public accessibility, price, and terms.

The terms of the lease are summarized as follows:

Lessor: A.K.S. and BEK Partnership
(Ron Shahbanki, Partner)

Location: 1811 W. Lugonia Avenue, Redlands

Page 1 of 2

Record of Action of the Board of Supervisors

BOARD OF SUPERVISORS
LEASE AGREEMENT WITH A.K.S. AND BEK PARTNERSHIP
June 22, 2004
Page Two of Two

Size: 10,524 square feet of building and 10,300 square feet of playground

Term: Ten years, estimated to commence July 1, 2005

Options: Two five-year options

Rent:	<u>Cost per sq. ft. per month</u>	<u>Monthly</u>	<u>Annual</u>
	\$1.30*	\$13,681	\$164,172

*Low-range for the Redlands area
(Includes \$0.15/sq.ft. for tenant improvement costs)

Annual increases: Based on the percentage change to the Consumer Price Index (CPI)

Improvement costs: \$189,432; amortized over the term of the lease

Custodial: Provided by County

Maintenance: Provided by Lessor

Utilities: Provided by Lessor

Right to terminate: County has right to terminate with 90-days notice after seven years

Parking: Sufficient for County needs.

REVIEW AND APPROVAL BY OTHERS: This item has been reviewed County Counsel (Fiona Luke, Deputy County Counsel, 387-5474) on March 17, 2004; HSS Administration [Lynne Fischer (388-0252) and John Hallen (388-0208), Administrative Analysts] on April 22, 2004 and June 14, 2004 respectively; and the County Administrative Office (Daniel R. Kopp, Administrative Analyst, 387-3828) on June 14, 2004.

FINANCIAL IMPACT: The total cost of the ten-year lease is \$1,641,720. Payments will be made from the Rents budget (AAA RNT) and reimbursed from the PSD budget (RSC HPS). Annual lease costs, subject to CPI adjustment, are \$164,172.

COST REDUCTION REVIEW: The County Administrative Office has reviewed this agenda item, concurs with the department's and RESD's proposal, and recommends this action based on the continuing need to provide preschool services in Redlands. Lease payments will be made from non-general fund sources. This program is approximately 85% federally funded and 15% state funded. Funding is anticipated to be available for the term of this lease. Consolidation of this space with other existing space has been explored and no feasible opportunity exists at this time. The lease can be terminated after seven years with 90-days notice.

SUPERVISORIAL DISTRICTS: Third

PRESENTER: David H. Slaughter, Director, 387-7813

